

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
HOME and Homeownership Section
HOME Investment Partnerships Program**

1800 Third Street, Suite 390-3
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 322-0356
FAX (916) 322-2904



**Notice of Proposed Final Text of Amendments to Regulations for the
HOME Investment Partnerships Program**

May 1, 2007

To Interested Persons:

On March 2, 2007, the Department of Housing and Community Development (HCD) published a Notice of Proposed Rulemaking to formally adopt amendments to regulations governing the HOME Investment Partnerships Program (HOME).

The public comment period for the proposed amendments to the HOME regulations was March 2, 2007 through April 16, 2007. Public comments were received by U.S. mail and by electronic mail. No public comments were received at the public hearing held on April 16, 2007. Changes have been made to the proposed amendments and regulation text in response to the public comments. Government Code Section 11346.8 requires that all interested persons be notified of these changes and be allowed fifteen calendar days to comment on the changes. Copies of the final text are hereby made available to the public.

In the attached regulation documents, additions made in response to comments on the proposed amendments to the HOME regulations are double underlined and deletions made in response to comments are in ~~double strikethrough~~ form.

Comments on the proposed final text will be accepted from May 2, 2007 through 5:00 P.M. on May 17, 2007. Please submit all comments in writing, facsimile or e-mail to:

Christina DiFrancesco, Specialist
State of California
Department of Housing and Community Development
PO Box 952054, Room 390-3
Sacramento, California 94252-2054
Telephone (916) 322-0918
Fax (916) 322-2904
cdifrancesco@hcd.ca.gov

The proposed changes are summarized as follows:

Section 8207.1 . Homebuyer Education Requirements

- Subsection (b) Clarified that the homebuyer education can be provided in any format acceptable to the State Recipient or CHDO. For example, this could include but is not limited to providing the homebuyer with written homebuyer education materials prepared by a third party, providing the homebuyer with education materials available over the internet, one-on-one counseling provided during the loan qualification or loan closing process, phone counseling, or classroom instruction. This change was made to address public comments that it may be too difficult for some jurisdictions to provide homebuyer education, or for some homebuyers to travel to homebuyer education classes. Public comments questioning the effectiveness and the need for homebuyer education will be addressed in the Final Statement of Reasons.
- Subsection (c) Clarified what the process will be for review of the homebuyer education curriculum. This change was made to address public comment that the approval process for the required homebuyer education topics would be cumbersome.
- Clarified one of the required curriculum topics, and added a topic covering refinancing. These changes were made to put more focus on the issues of budgeting, and long-term financial health.
- Subsection (d) Removed the requirement that copies of homebuyer certificates of completion be submitted to the Department. Instead these certificates can be kept on file by the State Recipient or CHDO for review and inspection by the Department on request. This was done in response to public comment on this issue.

Section 8211. Application Requirements/Form

- Subsection (e) (4) (i) (B) Language was added to this subsection clarifying that lead-based paint assessments need only be submitted if an application proposes rehabilitation and/or acquisition of a building constructed prior to January 1, 1978. Federal lead-based paint requirements only apply to buildings constructed prior to January 1, 1978.
- Subsection (e) (4) (ii) (B) The term “market survey” was deleted, and language clarifying what market information is needed for first-time homebuyer projects was added. This was done in response to public comments on this issue.
- Language was also added to this subsection clarifying that lead-based paint assessments need only be submitted if an application proposes to acquire or rehabilitate a building constructed prior to January 1, 1978. Federal lead-based paint requirements only apply to buildings constructed prior to January 1, 1978.

Section 8212. Application Selection and Evaluation

- Subsection (d) (1))(A) (i) Language was added to clarify that project applicants will receive point deductions for not submitting quarterly program income reports, as opposed to full quarterly reports. The requirement in Section 8216 to submit full quarterly reports has been deleted for project applicants. Monthly reports will be more useful in tracking the progress of a

project and in providing technical assistance to projects having difficulties than was the quarterly report.

- Subsection (d) (3) Deleted the requirement that development budgets for first-time homebuyer projects be evaluated for cost reasonableness. This change was made in response to public comment. The Department already evaluates whether the proposed development budget is adequate to cover all costs, and whether there is sufficient funding to cover these costs.

Section 8212.1. Allocation by Type of Activity and Rural Location

- Subsection (a) Further changes were made to this section to correct grammatical errors.

Section 8212.2. Deep Targeting Funds

- Subsection (d) This section was amended to clarify that all rents for projects receiving Deep Targeting funds must be restricted for a minimum of 55-years, pursuant to a HOME regulatory agreement, or a regulatory agreement held by another government financing agency. The word “government” was added to this subsection to make it easier for HOME to coordinate monitoring of rents in Deep Targeting projects with monitoring done by other state, federal, or local government agencies.

Section 8216. Reporting and Recordkeeping

- Subsection (a) (2) Changes were made to this section to narrow the requirement for submission of a full quarterly report only to State Recipients and CHDOs with programs. The monthly report for projects will be a more valuable tool for providing technical assistance to projects than the full quarterly report. Pursuant to the current requirement in Section 8206.1, State Recipients and CHDOs with program income shall still submit quarterly program income reports.